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RR RUEHCN RUEHDBU RUEHGH RUEHIK RUEHLN RUEHPOD RUEHSK RUEHSL RUEHVC
RUEHYG
DE RUEHVK #0091/01 2570220
ZNR UUUUU ZZH
R 140220Z SEP 09
FM AMCONSUL VLADIVOSTOK
TO RUEHC/SECSTATE WASHDC 1195
INFO RUEHDX/MOSCOW POLITICAL COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUEHZG/NATO EU COLLECTIVE
RUEHOO/CHINA POSTS COLLECTIVE
RUEHVK/AMCONSUL VLADIVOSTOK 1300

UNCLAS SECTION 01 OF 02 VLADIVOSTOK 000091

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [SENV](#) [EFIS](#) [ECON](#) [EINV](#) [ETRD](#) [EWWT](#) [PGOV](#) [PREL](#) [PHSA](#) [RS](#)
SUBJECT: INTERNATIONAL FISHERY CONGRESS TOUTS STRENGTHS OF RUSSIAN
FISHING INDUSTRY

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¶1. (SBU) Summary: The Sixth International Fishery Congress, hosted in Vladivostok September 8-10, has grown in significance. This year's event was attended by over 500 participants from across Russia, including all of the Russian Far East (RFE) regions, as well from the U.S., Europe, and Asia. For the first time ever the Director of the Federal Fisheries Agency Andrey Krainiy attended. He reported that the Russian fishing industry was one of the few sectors of the Russian economy to experience growth in 2009. Krainiy criticized cumbersome legislation which has hampered the industry and announced plans to promote the construction of more shipyards. The congress also discussed steps needed to improve sustainable development in the Russian fishing industry and to include some type of international ecological certification to appeal more to western consumers. End summary.

Russian Fishing Industry Growing

¶2. (U) Director of the Federal Fisheries Agency Andrey Krainiy opened the congress by proudly stating that Russia's fishing industry was one of the few industries in the country that showed the growth in 2009. The RFE is Russia's leading fishing region despite numerous problems, including financial difficulties, an outdated fleet, inadequate refrigeration and processing facilities, and cumbersome legislation. RFE salmon fishing saw a record year with a catch of over 500,000 tons, almost 200,000 tons more than in 2007. (Note: The RFE accounts for over 30 percent of Russia's fishing industry and is influential in the Asian market. End note.)

Legislative Improvements and Impediments

¶3. (U) Krainiy admitted that systemic flaws existed in the fishery management system, including an inadequate legal framework. He cited the Fishery and Aqua Bio-resources Preservation Act of 2004, which has been amended over 30 times in 2008 alone, as a prime example. Krainiy said granting regional governments the authority to start the fishing season based on scientific forecasts is a great achievement. He praised former Kamchatka Governor Mikhail Mashkovtsev for opening the 2002 salmon season before getting permission from Moscow, despite the criminal case launched against him in 2004 for having done so. Krainiy called for greater coordination between fishing companies, law enforcement agencies, and border guard service. Despite having reached certain agreements, these agencies continue to obstruct fishermen with numerous inspections, but law enforcement also interdicts tons of

illegally harvested seafood.

Russian Fish for Russians!

¶4. (U) A new regulation on fisheries that came into effect on January 1 demands that all fish caught in the Russian economic zone be delivered to Russian ports. This law has been expressed by the slogan "Russian Fish to the Russian Shore." Before that law came into effect, half of the fish caught in Russia's economic zone (over 1.5 million tons) was sold abroad. This was seen as depriving Russian coastal settlements of jobs, the Russian treasury of revenue, and Russian consumers of fish. The 2009 salmon fishing season, however, exposed the illogic behind the law, as RFE fishermen struggled to make a living due to the mismanagement of fish processing companies and a lack of coordination with Russian railroads. Well before the end of the salmon fishing season, seafood processing companies were stuck with no way to move their product, having filled all available refrigeration storage facilities in RFE ports. As a result, the retail price of salmon is up to 200 rubles (USD 6.30) a kilogram in the Volga region, while the wholesale price in Sakhalin is 10 rubles (USD 0.30) a kilo and 25 rubles (USD 0.70) per kilo in Vladivostok. The fishermen had no choice but to sell salmon to China and South Korea before the fish spoiled in order to pay for fuel, labor, and other costs. Fish sold abroad usually fetches higher prices as well. Prime Minister Putin was forced to intervene and ordered the Russian Railroad Company to free up more refrigerator cars to move RFE fish.

Outdated Vessels and a Lack of Shipyards

¶5. (U) The aging Russian fishing fleet was also discussed at the congress. Most of the Russian fleet is already exceeding its

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normal lifespan. The RFE fishing industry will need over 200 new vessels in the course of the next decade. The lack of high-sea fishing vessels force fishermen to operate only in Russia's economic zone (mainly the Sea of Okhotsk, the Bering Sea, and the Sea of Japan). Fishing companies neither have money nor access to bank loans to buy new, costly vessels. Krainiy said that federal financing for the construction of new fishing boats, to be leased to fishing companies, would significantly help to bring the fleet up-to-date. This is currently being discussed by the national government.

¶6. (U) This strategy will work only when new, well-equipped shipyards are put into operation or foreign vessels are allowed to be purchased with lower import duties. The lack of adequate shipyards in Russia causes Russian fishermen to import new and used vessels, mainly from East Asia. At the congress it was rumored that a new Russian-South Korean shipyard will be put into operation in Nakhodka, in the Primorye Region next year. Amur Governor Oleg Kozhenyako attended the congress and said his region was prepared to build small seiners at the Blagoveschensk shipyard. He promised fishermen discounts and bonuses on the contracts.

Progress in Ecological Certification Assessment

¶7. (U) During the congress there was a roundtable discussion of the Sustainable Fisheries Partnership on the progress of RFE pollock fishing companies toward ecological certification of their products at the world market. Director of Vladivostok-based ROLIZ Fishing Company Petr Savchuk said much had been done, but more is needed before the whole process becomes transparent from boat to plate, such as ending the practice of using flag of convenience vessels, bringing Russian fishing regulations in line with Marine Stewardship Council (MSC) standards, and ending illegal, unreported, and unregulated

catches. (Note: The Kurils-based Gidrostroy Company was the first-ever Russian fishing company to meet MSC requirements. Gidrostroy received an MSC ecolabel on September 10. End note.)

Comment

[18](#). (SBU) Over the past six years the annual International Fishery Congress has proven to be an increasingly effective forum for RFE fishermen to air their concerns with the national government. It also has given industry representatives opportunities to meet and coordinate their efforts to promote the seafood industry's development. The opportunity for RFE fishermen to communicate with their foreign partners has also served to improve sustainable development and to work towards meeting international standards.
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